2455 Paces Ferry Rd. N.W. • Financial Services • Atlanta, GA 30339-4024

Via e-mail: regs.comments@federalreserve.gov

April 14, 2010

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Attn: Docket Number R-1384

Re: Clarifications of Proposed Changes to Regulation Z in Compliance of the Credit CARD Act

Dear Ms. Johnson:

This letter is submitted on behalf of The Home Depot, Inc. ("The Home Depot" or "the Company") in response to the clarifications and proposed changes to Regulation Z made by the Board of Governors of the Federal Reserve System ("the Board") which go into effect on August 22, 2010 in compliance with the Credit Card Accountability Responsibility and Disclosure Act of 2009 ("the CARD Act").

Regulation Z, § 226.52(b)(2)(ii) Multiple Fees Based On a Single Event or Transaction

The Company shares the Board's belief that a single event or transaction should not cascade into multiple fees being charged to the cardholder; however, we strongly believe that a cardholder who makes two distinct violations, related to two distinct events, should still be assessed two fees. For example, a cardholder who makes a payment prior to the due date with a check that is ultimately returned with insufficient funds has only triggered one event—a check returned for insufficient funds—and should only be charged one returned check fee. This is very different from a cardholder who makes a payment *after* the due date and then pays with a check that is returned for insufficient funds. In this second instance, two events have occurred—late payment and a check returned for insufficient funds—and it would be appropriate and equitable to charge both a late fee and a returned check fee.

Regulation Z, § 226.52(b)(2)(i)(B), Prohibition of Fees for Declined Transactions, Account Inactivity or Account Closure

The Company strongly supports the Board's prohibition of fees for transactions that are declined for account closure. In these instances, no transaction is effected and, therefore, no incremental expense or exposure is created for the banks. With regard to inactive account fees, these are more properly classified as annual or other membership fees, which are imposed by the card issuer to cover costs of maintaining an open line of credit. They should be excluded from the scope of the prohibition.

Regulation Z, § 226.52(b)(3) and TILA Section 149(e) Safe Harbor for Late Fees

The Home Depot believes that its current private label program underwritten by Citibank offers a useful benchmark with regard to establishing "reasonable and proportionate" late fee charges. To encourage timely payment, Citibank charges a minimum late fee of $20 on any balance up to $100. This amount is well below the industry average of $30 that the Board referenced in its commentary. Next, for a balance between $100 and $500, the cardholder is charged a late fee of $35. Finally, for any balance over $500, the cardholder is charged the maximum fee of $39. The progressive fee schedule not only ensures that fees are assessed proportionately, but also that the higher expenses associated with managing larger exposures can be partially offset.

The Home Depot would also caution the Board of the unintended consequences of setting the safe harbor for late fees too low. By lowering late fees below their current industry average of $30, the Board may unintentionally encourage bad payment behavior from consumers as they perceive the late fees to no longer be a relevant penalty and, as a result, actually increase their frequency of late payments. The potential impact to credit portfolios due to the added risk and exposure would almost certainly force adjustments to underwriting criteria that would put consumers at an overall disadvantage.

One significant potential result would be reduced credit availability among individuals with lower FICO scores, people who rely on credit the most in today's economy. If indeed fees are ultimately lowered, issuers should have the ability to raise them for subsequent violations on the same balance in successive months to discourage repetitive behavior. This would help mitigate some of the additional risk.

The Home Depot thanks you for the opportunity to provide these comments and applauds your balanced efforts in this significant task.

Sincerely,

Dwaine Kimmet
Treasurer & Vice President, Home Depot Financial Services